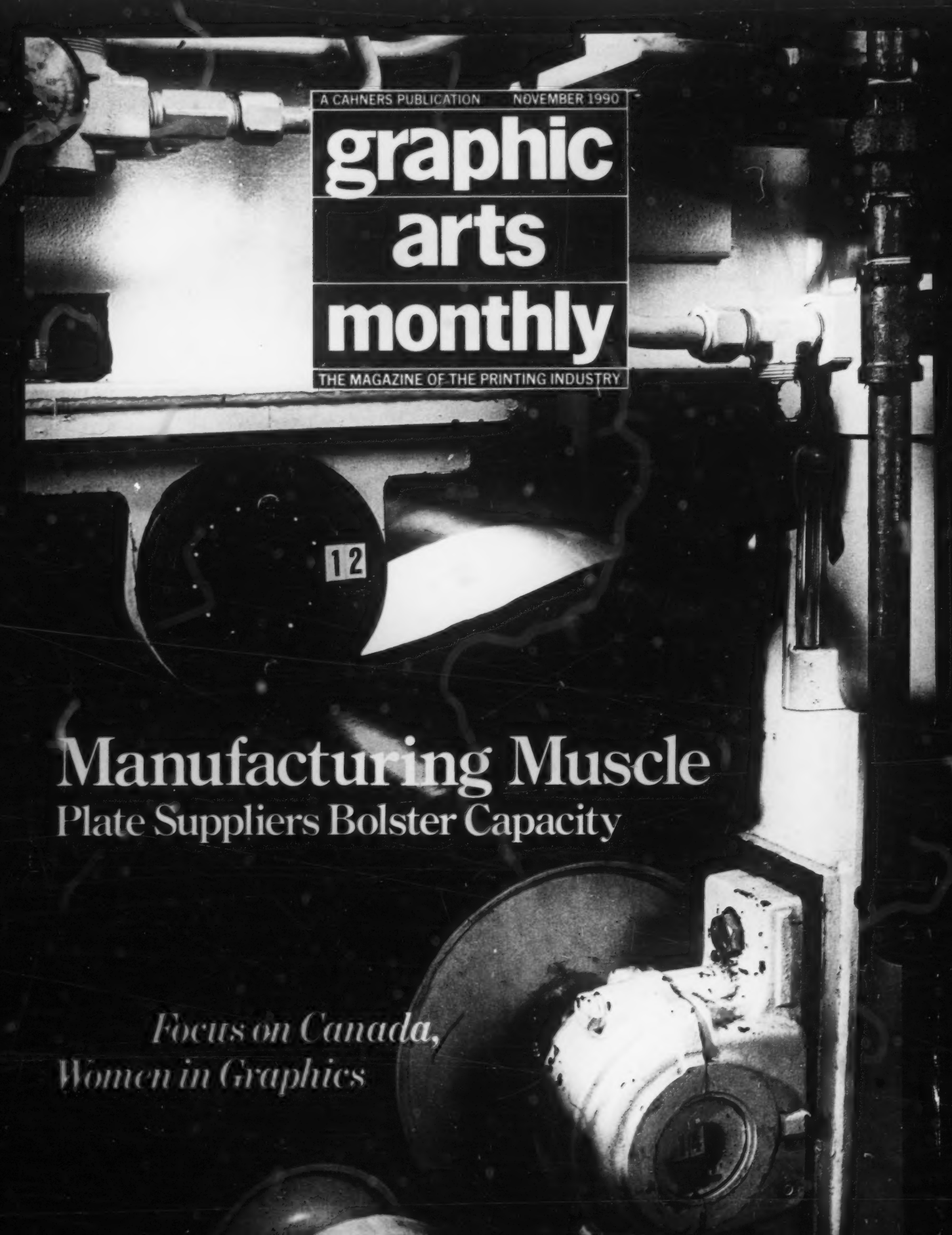
A CAHNERS PUBLICATION NOVEMBER 1990

graphic arts monthly

THE MAGAZINE OF THE PRINTING INDUSTRY



Manufacturing Muscle

Plate Suppliers Bolster Capacity

Focus on Canada,
Women in Graphics

VOLUME 62, NUMBER 11

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THE MAGAZINE OF THE PRINTING INDUSTRY

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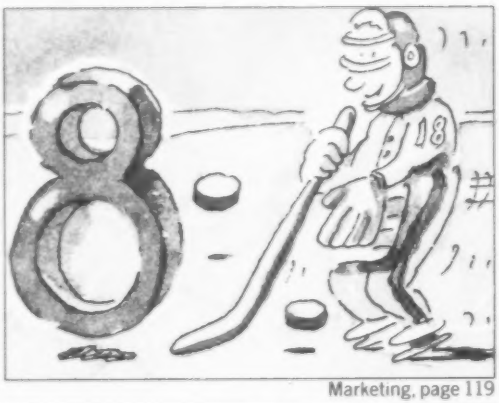

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Interest Rate Squeeze Prompts Dual Response

A weak economy is lowering the demand for consumer and business borrowing, putting downward pressure on interest rates. At the same time, concern over international oil availability has raised oil prices, increasing inflation and putting upward pressure on interest rates.

So far, short and long rates have responded differently to these competing pressures. Short-term rates have hardly moved at all since the Iraqi invasion, while long-term rates have increased over one-half a percentage point. Long-term rates are generally more sensitive to inflationary concerns, so more movement on this side of the market is not surprising.

The Federal Reserve Board is in a vise, caught between competing objectives of controlling inflation and promoting economic growth. Recently, the Fed announced it would tie interest rate changes to the Federal deficit reduction accord, effectively kicking its dilemma back to Congress and the Administration.

Long-term rates will remain volatile over the next few months. If the Middle East remains stable, a weak economy will pull down rates. Our forecast is for fixed-rate mortgages to gradually drop from their current levels of around 10.1% to around 9.75% early in 1991.

Short-term rates should ease a bit less over the next few months, but probably enough to pull adjustable-rate mortgages down to almost 8% by early next year. We also expect one more drop in the prime rate in the next few months, down to 9.5%. Following this drop, the prime rate is expected to creep back up to 10% by the end of next year.

The latest industrial production data shows all sectors of the printing and publishing industry improving over 1989. As of July, output of periodicals, books, and cards stood 5.6% above the same period last year, and output of job printing increased 3.9%. With the exception of newspapers, all sectors are headed for strong growth this year. Printing and publishing output is expected to gain 4.0%, as compared to 1.2% for total manufacturing. In 1991, printing and publishing should see a 6.5% gain, as manufacturing rises 3.0%.

GENERAL ACTIVITY INDICATORS

				Annual Percent Change			
General Economic Indicators	**Q2/89**	**Q1/90**	**Q2/90**	**1989**	**1990**	**1991**	**1992**
Gross National Product (1)	4112.2	4150.6	4155.1	2.5	1.4	2.4	2.2
Consumer Spending (1)	2645.3	2677.3	2678.8	1.9	1.0	2.0	2.1
Business Investment (1)	505.5	514.6	508.4	3.9	1.3	3.7	3.0
Industrial Production (2)	108.4	108.3	109.4	2.6	1.3	2.7	2.6
Prime Rate (3)	11.3	10.0	10.0	10.9*	9.8*	10.0*	10.5*
Consumer Price Index (4)	123.7	128.1	129.3	4.8	5.4	3.9	4.4
	July 89	**June 90**	**July 90**	**1989**	**1990**	**1991**	**1992**
Industrial Production (2)							
Printing & publishing	106.6	112.2	112.4	4.8	4.0	6.5	5.4
Newspapers	97.0	100.7	101.2	-0.6	1.6	2.1	1.5
Periodicals, books, cards	113.8	122.2	124.0	10.4	5.2	9.2	4.1
Job printing	104.4	112.9	111.6	4.3	4.5	8.9	6.7
Industry Shipments (5)							
Newspapers, books, periodicals	na	na	na	7.9	5.8	8.4	5.9
Other publishing & printing	na	na	na	4.2	10.5	6.2	5.8

(1) seasonally adjusted annual rate, billions of 1982 dollars. (2) index, 1987 = 100. (3) average percent. (4) index, 1982 = 100. (5) billions of current dollars.
na = data not available for publication. * = annual average.
data source: U.S. Department of Commerce, Federal Reserve Board.
all forecasts: Cahners Economics.

graphic
arts
monthly

Canada

Americans (not a terrific word, since it really applies to everybody from Hudson Bay to Patagonia; unfortunately, we're stuck with it: "Yankee" is pejorative, and constructions like "United Statesman"—Gore Vidal's non-solution to the problem—are hopelessly clumsy) have a tendency to think of ourselves as being alone on the North American continent. It's not true; we are the most populous, richest, and noisiest nation on the continent, but we are not the only one.

Directly to our north lies the largest country in the Western Hemisphere (and the second largest in the world, after the USSR), Canada. The country sprawls across six time zones (east to west: Newfoundland, Atlantic, Eastern, Central, Mountain, and Pacific) and runs from Windsor, just across from Detroit, north to Ellesmere Island, which is damn near to the North Pole.

Canada is not only enormous, it is largely empty; there is no permanent settlement in approximately 89% of it. The population is 25,354,064 (1988 Statistics Canada estimate), or roughly 10% of the U.S. population; of these people, the vast majority live in a narrow belt along the southern border, and are concentrated in a few metropolitan areas (see inside for details).

The country is divided into 12 geographic areas, 10 provinces and two territories. From east to west, the provinces are Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia. The two territories are Yukon (north and slightly west of British Columbia) and the Northwest Territories. The Northwest Territories includes all of Canada north of the 60th parallel except for Yukon, bits of Quebec and Labrador, and the northern islands in Hudson Bay and James Bay.

Jana Brenning

More than 60% of the population lives in two provinces, Quebec and Ontario. Of that populace, 67% lives in Montreal and Toronto, respectively.

Canada has a thriving graphic arts industry. It is structured much like the U.S. industry, with a (relative) handful of very large companies and a much larger number of very small ones. In fact, relative to their populations the two countries have printing industries of almost exactly the same size. From 1985 to 1986, the last year for which complete statistics exist, the Canadian industry grew 8.8% in terms of manufacturing shipments (printing, publishing and allied industries together—see inside for a breakdown, figure unadjusted for inflation).

Data for this study come primarily from two sources, Statistics Canada (roughly equivalent to our Bureau of the Census) and *The Graphic Monthly*, an industry trade magazine published by North Island Sound Ltd., Mississauga, Ont. Thanks are also due to Dr. Joseph Webb of A.F. Lewis & Co., New York.

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By Peter Johnston
Special Projects Manager

Industry at a Glance

A Note on Statistics

The figures used in this overview of the economy and political geography of Canada as they relate to its graphic arts industry are taken from data provided by Statistics Canada, the nation's official gatherer of economic and demographic information. Roughly equivalent to the U.S. Bureau of the Census, Stats Canada has offices in every major city.

The most recent numbers for the Canadian printing industry were collected in 1986 and partially updated in 1988. For purposes of comparison and measurement of growth, some figures are available from 1982; in general, however, annual growth rates given in this article express a comparison of 1986 over 1985. As measured by consumer price index, inflation in Canada was heavy in the early 1980s, averaging close to 11% per year for 1980-82. Since then it has moderated considerably and is now a little over 4%. (U.S. inflation, which for political reasons is chronically underestimated by the Executive Branch, averages around 5%.)

A Note on SICs

Like the United States, Canada divides its industrial activity by a system of Standard Industrial Classifications, or SICs. Again like the United States, Canada has an overall SIC category called Printing, Publishing and Allied Industries known as Major Group 28.

Major Group 28 is broken down into subcategories—unfortunately not quite the same subcategories as the ones used in the U.S. The purely printing—as opposed to publishing—SICs in Canada are 2811 (business forms printing), 2819 (other commercial printing, i.e., not business forms) and 2821 (platemaking, typesetting, and bindery).

Those three SICs—in other words, printing as distinguished from publishing—account for 57% of the total sales of Group 28 (as expressed in terms of value of shipments; overall statistics are for 1986 unless otherwise stated). For purposes of comparison, in the U.S. printing makes up almost exactly half of SIC 27, Printing and Publishing.

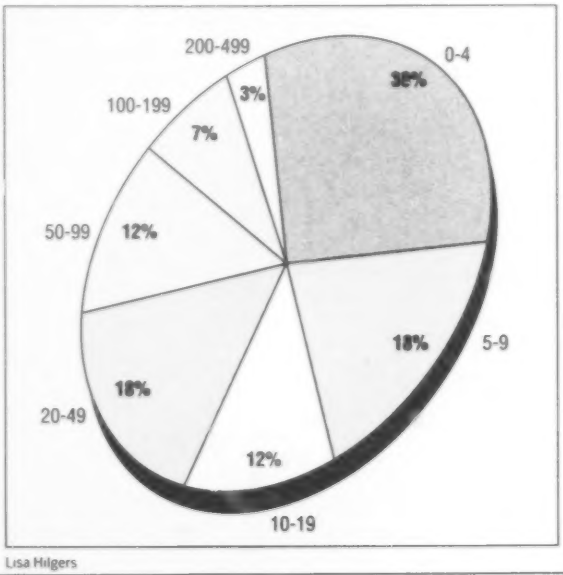
Internal Structure of the Industry

The Canadian printing industry is somewhat more concentrated than our own, perhaps due to the concentration of populace—in Canada you either have no people at all or you have a lot, it seems.

In the three printing SICs there are a total of 4,175 establishments, with sales (value of shipments) totaling $5.917 billion. (As all years here are 1986, all financial figures are in Canadian dollars. As we were going to press, the Canadian dollar was worth about $.86 U.S.) This is an average of $1.4 million per establishment, slightly higher than the average sale per printing establishment in this country. (Remember, all figures here given in Canadian dollars.)

By the same token, the average number of employees in Canada is 14.5—again, somewhat higher than is the case in the U.S.

Plants by Employee Count

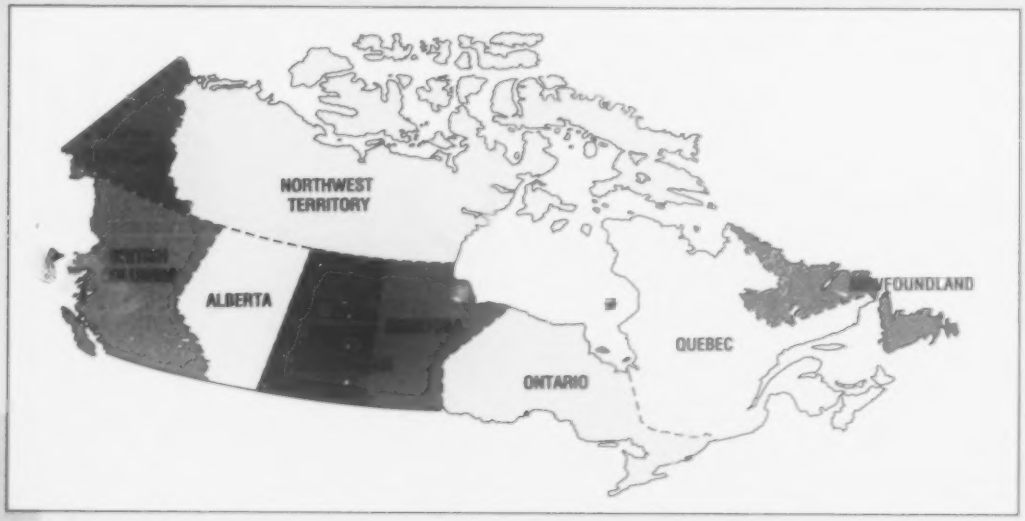


Lisa Hilgers

This breakdown, unfortunately, is based on a less than totally complete sample. As you can see from the accompanying list of major printers in Canada, there are in fact eight Canadian printing companies with more than 499 employees. However, it does give 80% with fewer than 20 employees, which tallies almost exactly with the averages in the United States.

Size	# of Plants	% of Total
0–4 Employees	1,883	45.1%
5–9 Employees	909	21.1%
10–19 Employees	577	13.8%
20–49 Employees	504	12.1%
50–99 Employees	173	4.1%
100–199 Employees	94	2.3%
200–499 Employees	29	0.7%
500–999 Employees	4	0.09%
1,000 + Employees	2	0.05%
TOTAL	**4,175**	**100%**

Printing in Canada



Population

Newfoundland	568,000
Prince Edward Island	129,000
Nova Scotia	884,000
New Brunswick	714,000
Quebec	6,639,000
Ontario	9,431,000
Manitoba	1,085,000
Saskatchewan	1,011,000
Alberta	2,401,000
British Columbia	2,984,000
Yukon	25,000
The Northwest Territories	52,000

Trade Shops (SIC 2821)

Newfoundland	3
Prince Edward Island	2
Nova Scotia	13
New Brunswick	12
Quebec	254
Ontario	481
Manitoba	26
Saskatchewan	32
Alberta	95
British Columbia	112
Yukon	*
The Northwest Territories	*

Commercial Printing Establishments (SIC 2819)

Newfoundland	22
Prince Edward Island	9
Nova Scotia	58
New Brunswick	43
Quebec	790
Ontario	1,317
Manitoba	111
Saskatchewan	66
Alberta	229
British Columbia	303
Yukon	*
The Northwest Territories	*

Total Manufacturing Industries—Establishments

Newfoundland	321
Prince Edward Island	141
Nova Scotia	820
New Brunswick	665
Quebec	10,653
Ontario	15,570
Manitoba	1,267
Saskatchewan	791
Alberta	2,536
British Columbia	4,062
Yukon & Northwest Territories	28

Business Forms Printers (SIC 2811)

Newfoundland	0
Prince Edward Island	0
Nova Scotia	2
New Brunswick	1
Quebec	65
Ontario	80
Manitoba	7
Saskatchewan	5
Alberta	22
British Columbia	15
Yukon	0
The Northwest Territories	0

As you can see, Canada rather clumps up in the middle. The asterisks in the listings for SICs 2819 and 2821 are not intended to imply that there are no printers or typesetters at all in the Yukon or the Northwest Territories. Even in Whitehorse or Yellowknife, the fine art of printing keeps a toehold amid the permafrost and the lichens. However, there aren't very many of them and they somehow evaded the notice of Statistics Canada. As anyone who has done research can attest, a certain number of the people you want to count will refuse to answer mailed questionnaires or otherwise fail to be recognized.

50 Largest Canadian Printers

Rank, Name, Location	Annual Sales (000)	Employees	Sales per Employee	Primary Products	CEO	Years in Business
1 **Quebecor**, Montreal	$757,000	6,200	$122,097	COM, BK, PUB	Jean Neveau	101
2 **Southam Graphics Group**, Toronto	585,921	4,300	136,261	COM, CAT, MAG	Michael Quinn	109
3 **Maclean Hunter Ptg. Division**, Toronto	353,000	3,649	96,739	COM, CAT, MAG	Matthew B. Fyfe John Greenhough	103
4 **Trans-Continental**, Saint-Laurent, Que.	306,038	2,432	125,838	COM, CAT, MAG	Cam Gentile	14
5 **Lawson Mardon**, Missisauga, Ont.	275,851*	1,532	180,059*	COM, SPEC	Lawren Madden Marcel J. Pilon	108
6 **Moore Business Forms Canada**, Toronto	270,000*	1,700	158,823*	BIZ	Ralph Waehner	105
7 **Jannock Imaging Companies**, Toronto	70,300*	700	100,429*	PREP	J.D. McLean	5
8 **Metroland Printing**, Mississauga, Ont.	70,000*	400	175,000*	COM, INS	John Baxter	10
9 **Cairn Capital**, Don Mills, Ont.	63,461	500	126,922	COM, MAG, SPC	D.M. Alloway	N/A
10 **Bowne of Canada**, Don Mills, Ont.	44,000*	350	125,714*	FIN	Rudi Steinmetz	6
11 **Datamark**, St. Laurent, Que.	41,500	350	118,571	COM, BIZ	Jeffrey Zunenshine	17
12 **Jones Box & Label**, London, Ont.	40,000	310	129,032	SPC	Thomas Morris	N/A
13 **Lancaster Business Forms**, Markham, Ont.	38,000	250	152,000	BIZ	Frank Heller	33
14 **Web Offset Publications**, Pickering, Ont.	30,000*	260	115,385*	COM, PUB	Chris Rudge	28
15 **Litho Prestige**, Drummondville, Que.	30,000	200	150,000	COM	Gilles Cerat	19
16 **Arthurs-Jones Litho**, Mississauga, Ont.	30,000*	170	176,470*	COM	Duncan McGregor	84
17 **Friesen Printers**, Altona, Man.	28,000	300	93,333	BK	David Friesen, Jr.	83
18 **St. Joseph Printing**, Toronto	27,150	165	164,545	COM	Tony Gagliano	34
19 **Haughton Graphics**, Scarborough, Ont.	26,000	175	148,571	COM	Charles R. Nash	36
20 **LGM Graphics**, Winnipeg	26,000	150	173,333	COM, MAG	K. George Grigaitis	101
21 **Metropole Litho**, Ville d'Anjou, Que.	26,000*	275	94,545*	COM, BK	John Cholette	30
22 **Safeguard Business Forms**, Mississauga, Ont.	25,000*	125	200,000*	BIZ	John K. Israel	23
23 **Litho Acme Group**, Montreal	24,000*	210	114,286*	COM, PREP	Guy Denault	28
24 **The Printing House**, Toronto	21,000*	426*	49,296*	QP, COM	Earl O'Borne	29
25 **Pollard Banknote Limited**, Winnipeg	20,695	195	106,128	FIN	Lawrence Pollard	83
26 **Photo Engravers & Electrotypers**, Rexdale, Ont.	20,610*	400	51,525*	COM, CAT	John Shaw	63
27 **Grenville Mgt. & Ptg.**, Don Mills, Ont.	20,176	240	84,067	COM	M.W. Burke	22
28 **Webcom Ltd.**, Scarborough, Ont.	20,000	177	112,994	COM	Warren D. Wilkins	14

Rank, Name, Location	Annual Sales (000)	Employees	Sales per Employee	Primary Products	CEO	Years in Business
29 **Imprimerie Gagne, Ltee,** Louiseville, Que.	20,000*	185	108,108*	BK	Jean Pierre Gagne	100
30 **H&S Reliance,** Toronto	20,000*	168	119,048*	PREP	James Davidson	44
31 **Herzig Somerville Limited,** Toronto	19,863	167	118,940	COM, PREP	Ernie Herzig	25
32 **Dollco Ptg.,** Ottawa	19,000	130	146,153	COM	G.B. Nicholds	34
33 **M.C. Graphics,** Saskatoon	18,700	180	103,889	COM, SPC	John Hudson	2
34 **McBee Systems Canada,** Toronto	17,500*	250	70,000*	BIZ	John Weedon	43
35 **Provincial Graphics,** Markham, Ont.	16,300	85	191,765	COM, SPC	John Warbutton	17
36 **Hemlock Printers,** Burnaby, B.C.	16,000	140	114,286	COM, BK	D. Kouwenhouen	22
37 **Beresford Box Co.,** Kitchener, Ont.	16,000*	150	106,667*	SPC	Dennis Beamer	26
38 **Mitchell Press,** Burnaby, B.C.	15,500	110	140,909	COM	Howard Mitchell	62
39 **Canadian Graphtec Ind.,** Markham, Ont.	15,240	140	108,857	COM	John H. Foley	14
40 **I.P.I. Graphics,** Scarborough, Ont.	15,000	140	107,143	COM	Ronald P. Burtch	5
41 **Informco Inc.,** Scarborough, Ont.	15,000*	165	90,909*	BIZ	David Stephens	39
42 **M.O.M. Printing,** Ottawa	14,332	135	106,163	COM	Powell Griffiths	27
43 **Imprimerie Cook Canada,** Montreal	13,600	140	97,143	COM	Ronald H. Cook	42
44 **Pierre des Marais,** St. Laurent, Que.	13,500*	125	108,000*	COM	Pierre des Marais II	60
45 **Tri-Graphic Printing,** Ottawa	12,500*	105*	119,048*	BK	Hazel Doane	22
46 **Bradbury Tamblyn & Boorne,** Richmond Hill, Ont.	12,000	65	184,615	COM	Gordon Tamblyn	11
47 **Emphasis Printing,** Burnaby, B.C.	12,000*	100	[illegible]0,000*	COM, SPC	F. Kouwenhoven	15
48 **Impact Business Forms,** Mississauga, Ont.	12,000*	100	12[illegible]0*	COM, BIZ	E.M. Del Grande	19
49 **Barker Cambria Press,** Mississauga, Ont.	12,000*	88	136,364*	COM, BIZ	Larry Barker	4
50 **Proving Graphics,** Scarborough, Ont.	11,500*	65	176,923*	COM	Paul Ventresca	23

Concluding Remarks

Canada is this country's largest trading partner. Culturally and linguistically it is similar in many ways to the U.S., a similarity that extends to its economy. Canada went through a boom in the past decade just as we did, with the same good and bad effects. (Housing prices in Toronto, for instance, rose 33.6% from May 1986 to May 1987.) The country's real GNP (called Gross Domestic Product in Canada) has been growing faster than that of the U.S., though it, like our own, appears to be slowing down.

As in the U.S., printing in Canada is somewhat more robust than the overall economy. In 1985, for instance, when the overall manufacturing sector grew 8.0%, printing and publishing grew 10.1%.

All money figures in this article expressed in Canadian dollars; as we were going to press, the Canadian dollar was valued at roughly $.86 U.S.